

Board proposes amendments to exam rules

Second reading scheduled for January

THE PAPER-AND-PENCIL CPA EXAM, WITH ITS MANY CUSTOMS AND PROCEDURES, is history. The Board must update its exam rules so they are relevant to the new computer-based exam format which begins in 2004.

Like all other state agencies, the Board is required by the Texas Legislature to review its body of rules every four years to determine if it can simplify, improve, or even eliminate them. The Board is taking this opportunity to amend its exam rules.

The rule changes the Board believes are necessary were proposed on first reading at the November 13, 2003 Board meeting. After publication on the Secretary of State's website and in the *Texas Register*, the rules will undergo a second vote at the January 15, 2004 meeting before becoming effective. Below is a synopsis of the proposed changes.

GENERAL RULES

Associate college degree eliminated as a qualification to take the exam. The proposed amendments to *Sections 511.52 (Recognized Colleges and Universities)* will remove having an "associate" college degree from the list of acceptable qualifications for taking the exam, as per the new *Public Accountancy Act*, effective September 1, 2003. The amendments to *511.56 (Educational Qualifications under the Act)* eliminates the twenty-hours core course accounting requirement and levels the accounting semester hour requirement at thirty.

Transfer of partial credit from another jurisdiction. Recent changes to the *Public Accountancy Act* also necessitate an amendment to *Section 511.83 (Granting of Credit by Transfer of Credit)* by creating a pre-January 1, 2004 (paper-based exam) window in which an exam candidate may earn partial credit in another jurisdiction that may be transferred with a grade of at least 50. The change also creates a post-January 1, 2004 (computer-based exam) opportunity to transfer credit earned with a grade of at least 75. In both instances, the credit must not have expired in the jurisdiction where the credit was earned.

Shorten the time allowed for candidates to use partial credits. A proposed amendment to *Section 511.84 (Partial Examination after Transfer of Credit)* establishes deadlines by which a candidate with conditional credit for transfer must pass the remaining subjects or forfeit the conditional credit. A candidate with credit earned between September 1, 1989 and November 2, 2000 will have the next six consecutive examinations in which to pass the remaining parts. A candidate who earned credit between November 2, 2000 and January 1, 2004 will have the next six examinations to pass; thereafter, a candidate will have the next 18 months in which to pass.

Expand the description of “qualifying experience.” A proposed change to *Section 511.123 (Reporting Work Experience)* identifies the full time and part time work experience requirements and describes the contents of the statement required from the supervising CPA. Full time work experience is described in the rule as 40 hours per week. The proposal also requires a statement from the supervising CPA describing the type of experience the CPA possesses which qualifies him or her to supervise the candidate.

PROPOSED

SECTION 511.97 *Examination of Applicant Approved with Accommodation*

(a) The board may authorize one or more of the following accommodations for an applicant for the CPA examination.

(1) **Additional testing time** – typically time and a half or double time.

(2) **Separate room** – must be monitored throughout test administration.

(3) **Reader** – a board approved individual to read information verbatim from the screen for examinees, separate room required.

(4) **Amanuensis** – a board approved individual to operate mouse and/or keyboard for examinees, separate room required.

(5) **Sign Language Interpreter** – a board approved individual to sign instructions and serve as interpreter between the test center administrator and examinee. Sign language interpreters are normally not allowed to accompany examinees into the testing room.

(6) **Intelikeys keyboard** – allows examinees with limited use of hands to operate the keyboard.

(7) **Intelikeys keyboard with magic arm and super clamp** – swivel arm that allows precise placement of the keyboard.

(8) **Kensington expert mouse** – trackball mouse.

(9) **Headmaster plus mouse unit** – mouse operated by head movements.

(10) **Selectable background and foreground colors** – allows selection of text and background colors for ease of reading on screen.

(11) **Screen magnifier** – attaches to monitor and enlarges the screen.

(12) **Zoomtest software** – screen magnification.

(b) If the board approves the applicant’s request for accommodation, the board will contact the testing center not less than 30 days prior to the date that the applicant may test. It is the applicant’s responsibility to advise the board of a primary and secondary date for testing.

(c) Upon arrival at the testing center the applicant may not request other accommodations or accommodations in addition to those the board has authorized.

(d) There will be no additional fee charged to any candidate for an accommodation approved by the board under this rule.

THE COMPUTER-BASED EXAM

Instead of being given in large, dedicated rooms as was the paper-based CPA exam, candidates will take the CBT at several testing centers. These centers will be under the supervision and control of a vendor selected by the National Association of State Boards of Accountancy, which has contracted with the Board to administer the examination.

Scheduling the exam. New proposed rules dealing with the logistics of the CBT specify that in 2004, the exam will be available at test centers on designated days and times during April, May, July, August, October, and November. In 2005, candidates may be examined during January, February, April, May, July, August, October, and November.

Contact information for scheduling a test time will be available on the Board’s website or at the Board office; however, a candidate is responsible for scheduling his or her own testing appointment. A candidate who schedules an appointment at least 45 days in advance of the requested session will be offered a seat on a specific date if requested, and at a test center within 60 miles of the desired test center. Otherwise, the candidate will be offered the first available exam date at the test center of choice or at a test center within 60 miles of the requested location.

Accommodations under the Americans with Disabilities Act. All test centers will conform to the standards of the *Americans with Disabilities Act* (ADA). *Section 511.97 (Examination of Applicant Approved with Accommodation)* lists a dozen types of accommodations that the Board may authorize in compliance with the ADA (see sidebar, left). The Board’s other rules dealing with disabilities are 511.91 through 511.96.

The test center. A candidate must comply with test center rules and procedures or face possible future exclusion from examinations.

Upon checking in at a test center, a candidate will be required to present two forms of identification, one of which must be a government-issued document containing the candidate’s

photograph and signature. The test center will also photograph the candidate and store personal items or materials in lockers to prevent unauthorized articles from being taken into the exam room.

Section 511.107 (see sidebar, below) lays out fees, refunds, cancellations, rescheduling policies, and penalties in the event of no-shows, late arrivals, and late cancellations.

SECTION 511.107

No-Show, Late Arrival and Late Cancellation

PROPOSED

(a) A candidate is not eligible for a refund of the hourly testing fee if the candidate:

(1) fails to appear for a scheduled section of the CPA exam;

(2) arrives more than 15 minutes after the scheduled start time for taking the section of the CPA exam and is refused admission to the exam; or

(3) changes or cancels a section of the CPA exam after the applicable Test Cancellation/Change Deadline.

(b) The candidate may be charged a reasonable fee for a rescheduled exam or cancellation.

(1) A candidate that requests a change in scheduling or cancellation 30 or more days prior to the original day of testing will not be charged an additional fee.

(2) A candidate that requests a change in scheduling or cancellation 29 to 5 days prior to the original day of testing will be charged an additional fee of \$35.00. The candidate must make direct contact by noon of the fifth business day before the day of the exam with personnel at the call center or at a local testing center. Leaving a message on a recorder or a voice mail is not sufficient to confirm a change or cancellation.

(3) A candidate that requests a change in scheduling or cancellation less than 5 days prior to the original day of testing will be charged an additional fee equal to the amount of the full test fee.



Watch the Board's Website

www.tsbpa.state.tx.us

Revisions to forms, instructions, and general information regarding the computer-based CPA examination are in progress. Check the website regularly for these updates.



Revised CBT tutorial online

A recently updated online tutorial is available to give candidates the opportunity to learn to navigate the new computerized exam format. The original tutorial was released in April 2003.

The tutorial retains previously available material, such as sample multiple-choice questions and simulations, but does not focus on examination content and is not meant to be a substitute for practice materials. The revised tutorial includes:

- ✓ an enhanced authoritative literature section comprising accounting and auditing standards and the tax code;
- ✓ updated graphics reflecting the new exam's look; and
- ✓ an expanded HELP function.

The National Association of State Boards of Accountancy recommends that all candidates review the tutorial before taking the computerized exam.

The dedicated tutorial website is:

www.cpa-exam.org



College ethics course to be required in 2005

BEGINNING JULY 1, 2005, THE BOARD WILL REQUIRE AN initial exam candidate to have completed a Board-approved three-hour college ethics course.

Section 511.58(c) of the Board's rules states that the course must encompass ethical reasoning, integrity, objectivity, independence, and other core values. It must be taught by a qualified faculty member from adopted texts or identified readings.

To date, the Board has approved ethics courses at eight Texas universities: Angelo State University, Midwestern State University, St. Edward's University, Texas Lutheran University, Texas Southern University, the University of Dallas, the University of Texas at El Paso, and West Texas A&M University.



Board offers certification of community colleges

WHAT IF YOU ARE ONE OF THOSE WHO GOT YOUR BACHELOR'S OR MASTER'S degree in, say, engineering, worked in that field for years; and now, you really, really want to be a CPA?

Until now, you had no choice but to persuade a skeptical admissions director at a university with a 150-hour accounting program to take a chance and let you enroll as a full-time student. Not every adult accounting wannabe cares to do that, or can afford to. And don't think of starting out at the local community college for after-hours study that transfers to a four-year institution with an accounting degree. Those colleges, even smaller ones, don't accept community college accounting courses beyond the introductory level.

But don't give up! The Board has just come to your rescue.

The Board is now issuing a certificate of "Qualifying Educational Credit for CPA Examination" to Texas community colleges whose accounting and business administration courses meet standards similar to those applied at four-year degree-granting institutions. Even though these community college advanced courses don't transfer to the bachelor's degree granting institutions, the Board will accept them from a "certified" community college to meet the requirements to take the CPA exam.

So far, three colleges have been awarded this designation: Austin Community College, Houston Community College, and North Harris-Montgomery Community College District.

The Board's program is designed to evaluate the colleges, courses, faculty, and facilities to determine if they meet the standards of *Sections 511.57 (Definition of Accounting Courses)* and *511.58 (Definition of Related Business Courses)* of the Board's rules. Based on the current program for the evaluation of accounting and business administration courses offered at community colleges and faculty information, the Board developed standards that deem a program acceptable under these rules. These standards apply to academic accreditation, facilities, faculty, curriculum, and students.

Academic Accreditation. To meet the standards by which a community college's accounting/business curriculum is evaluated, the college must have valid accreditation from the Southern Association of Colleges and Schools (SACS). The college must offer an associate degree program in accounting or business and/or a certificate program in accounting and provide the Board with the number of students enrolled in each program. This standard ensures the general quality of the entire college.

Facilities. Another standard requires the college to have electronic authoritative literature available in on-campus technology labs or on networks accessible by student computers. The use and research of this literature must be included in at least ten percent of the accounting courses required for the approved programs. In addition, the college must have instructor-taught, on-campus accounting and business classes that account for 75 percent or more of the accounting and business student enrollment. This standard ensures that students will have exposure to modern technology and information resources.

Faculty. In order to merit the "Qualifying Educational Credit for CPA Examination" designation, the college is required to provide evidence that one hundred percent of its adjunct accounting faculty curriculum development and on-campus instruction is supervised either by a

Course Topics WHICH MUST BE OFFERED

- ✓ Intermediate Accounting
- ✓ Advanced Accounting
- ✓ Cost Accounting
- ✓ Auditing
- ✓ Internal Accounting Control and Evaluation
- ✓ Report Writing (principally writing financial reports, internal control reports, and management letters)
- ✓ Financial Statement Analysis
- ✓ Accounting Theory, Standards, and Analysis
- ✓ Federal Income Tax
- ✓ Accounting Systems
- ✓ Governmental and Not-for-Profit Accounting
- ✓ Fraud Examination

On-Campus Accounting Faculty Requirements

INSTRUCTOR	MINIMUM DEGREE	PERCENTAGE WITH MINIMUM DEGREE	MINIMUM GRADUATE ACCOUNTING HOURS	MINIMUM YEARS ACCOUNTING EXPERIENCE	PERCENTAGE WHO ARE CPAs
Full time On-campus	Master's	100	18	None	75
Adjunct On-campus	Master's	80	Sum must equal 18		75
Full time Distance	Master's	100	18	None	100

full-time accounting faculty member with a doctorate in accounting or by the department chair or dean.

The table above shows the specific requirements for full time and adjunct faculty. The same standards apply to business administration instructors, except that their education and experience must be in that discipline. This standard ensures that the college has a knowledgeable, properly-supervised business/accounting faculty and does not rely excessively on distance education teaching methodologies.

Curriculum. A Texas community college applying for Board certification must offer 30 or more semester hours of accounting courses, without repeat, suitable for a bachelor's degree with a major in accounting. The courses must cover all or most of the topics listed in the sidebar, and the level of instruction and resulting student learning must be equivalent to those achieved at a Texas four-year institution accredited by SACS. These courses must meet the Board's definition of acceptable accounting courses for the purposes of taking the Uniform CPA Examination. The college must submit a course description and syllabus for each course.

Additional courses which could enhance the learning experience may be offered but may not replace the required courses. The college may offer not more than two courses identified above to a student who has earned a bachelor's degree with a major in accounting from an accredited educational institution to meet the educational requirements to take the Uniform CPA Examination, provided the student has not taken the course at the degree-granting institution.

Accounting curriculum development and review must be assigned to at least one full-time faculty member who has the primary responsibility of teaching the assignment. Three accounting faculty members must act as a reviewing panel to ensure that the concepts, knowledge, skills, and abilities of all accounting curricula are integrated across the college's accounting program. This standard ensures that the curriculum covers subjects that are tested on the CPA exam and that the faculty revises it to keep it up-to-date.

Students. The college's full-time accounting faculty is required to provide academic advising and orientation for each accounting course, as well as information about the certificate and associate degree programs in accounting, to one hundred percent of its students prior to each semester. Students should be advised that at least 75 percent of the credit identified must be taken from the institution awarded the Board designation. This standard ensures that the students get substantially the program that the Board "certified."

The college must also provide information to all of its accounting students about the definition of accounting and related business courses required by the Board for a student to take the exam.

After receiving the Board designation, the college is required to track the progress of one hundred percent of its professional accounting certification students while attending the college. The college must also provide a one-time refresher course in that section to each professional accounting certification student who has not successfully completed a specific section of the Uniform CPA Examination after four attempts. This standard makes the college accountable for the performance of its students on the CPA exam, just like the 150-hour institutions the Board tracks.

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